Investments and Speculation. By LOUIS GUENTHER. (Chicago: La Salle Extension University. 1910. Pp. 389.)

This is one of the series of volumes upon business administration issued by the above-named university. Part I, including the first half of the work, is by Mr. Guenther, and is supplemented by special chapters from other writers on various investment topics. It is intended as "a popular textbook" (p. 89) to interest men in the study of business, so that they may make a success of their calling. But its more specific object is to enable men to make money, for the editor-in-chief, Mr. Walter D. Moody, in his introduction, declares that the only object of engaging in business is "to accumulate money." The introduction is a notable piece of business sophistry. In it, the editor says: "Ten years ago President James (of the University of Illinois) would have been ridiculed for advancing this new idea for the establishment of a school of commerce in connection with a university." This is erroneous, for President (then Professor) James had already advocated this in a pamphlet on higher commercial education; and there were at that time at least three universities with such departments, viz., University of Pennsylvania, New York University, and University of Vermont.

Mr. Guenther has made his work interesting; he enforces the principles of sound investments; he carefully warns against what is injudicious; and at the same time, he adds a good deal of human interest in the historical data which he presents (e. g., chaps. 7, 11, 33).

But the work as a consistent body of teaching, and bearing the name of a university, is seriously marred. There is loose reasoning, when, e. g., the author says: "If the human race preferred stones as money, gold would then have no value" (p. 5). Then, the instruction is occasionally imparted by implication from special cases, rather than by logical statement. Bad sentence structure is observed; e. g., "It is in determining the collateral securing them that counts" (p. 41); the expression "sufficiently large enough" (p. 42); "In other directions is the attention of the operator on the grain exchange drawn " (p. 166); "The products of the soil *is* the most important of . . factors" (p. 239). The wrong word is sometimes used; e. g., "anti-dating" (p. 63) instead of "ante-dating," and "full paid" (p. 104) instead of

"fully paid." Even slang is interjected; e. g., he says that a growing settlement "may rashly bite off more than it can masticate" (p. 53); "roping in credulous investors" (p. 133); and he refers to the man who will "eventually go broke" (p. 157). An apparent contradiction is noted, when (p. 146) he says that there is no margin-trading on the New York Stock Exchange, while (p. 148) he goes on to illustrate the complexity of trading in margins, by taking as an example a transaction in Union Pacific stock carried out (presumably) on the New York Stock Exchange.

The investigation of the affairs of a concern by an investor before he puts his money into it, is a point well taken. But such an investigation as he suggests (pp. 103-107), while extremely desirable, could be made only by an expert, and is beyond the reach of the regular business man whom the author is addressing. He urges the fact (p. 107) that financial statements may be made to deceive; and yet he does not say how to guard against deception, except "by the exercise of a little bit of intelligence." The truth is that many of the most intelligent business men are unable to decipher the ordinary financial statement, much less one in which something is concealed. We fail to see any logic in his reasons for saying that "panics are useful, since they are viewed as necessary at times to bring about an adjustment between industry and capital available for its exploitation" (p. 174). Men of the best judgment deplore the continuance of panics, and see no good in them. One of the chief considerations in financial reform is to prevent panics if possible.

Part II contains chapters on special subjects by other writers. Some of these handle the same subjects that are treated in Part I, but usually with more detail, and sometimes from a slightly different point of view. Certain of these chapters are of special value. John Moody on "Safety and Security" of investments shows in a helpful way what securities may be safely accepted and what should be avoided; Thomas Gibson on "Fundamentals and Security Prices" is suggestive, and will tend to stimulate an interest in the relation of fundamental commercial factors (e. g., crops, money, etc.) to security prices; and Babson on "Forecasting Trade Conditions by the Area Theory," while interesting to the expert, is too technical to be treated in so short a space for the average business man.

Altogether, as "a popular textbook" for the class to whom the author appeals, this work will have value; but it utterly fails to come up to the high standard set by the editor-in-chief in his introduction.

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The Stock Exchange. A Short Study of Investment and Speculation. By Francis W. Hirst. Home University Library, No. 5. (New York: Henry Holt and Company. 1911. Pp. 256. $.75.)

The average investor and speculator should find this book, written by the editor of "The Economist," a very readable and easily understood book on a much misunderstood subject. Unfortunately, Mr. Hirst's book refers but slightly to the organization and mechanism of our large stock exchange markets, and the many important services which they render to the business community. But this, no doubt, was purposely avoided, it being the object to protect the average investor and speculator who possesses "a natural passion for high interest," or who is prone too often to be "an easy prey to some plausible rogue."

The book contains nine chapters entitled: "The Early History of Banking and Stock Jobbing"; "The London Stock Exchange, 1800-1910"; "London Foreign Market and the Foreign Bourses"; "Wall Street"; "Good Securities and the World of Investment"; "Speculative Securities and Modes of Speculation"; "Why the Prices of Securities Rise and Fall"; "The Creation of New Debt and Capital"; and "Cautions and Precautions." The first three chapters contain many statistics and historic facts relating to the development of stock-jobbing, the London Stock Exchange and the joint stock company. A vivid description is given of England's leading panics and booms. Statistics are furnished to show the extent to which the British public is interested in foreign securities, and reasons are given why the London Exchange is the world's principal market in foreign securities. In these chapters, and in fact throughout the book, elementary descriptions of certain stock exchange practices in London and New York are given, such as the relation of broker and jobber, the system of clearing, the fortnightly settlement, the call loan system in New York, listing, the ticker and quotation service, etc.